

21 January 2010

Auzex signs Heads of Agreement over Khartoum tenement in north Queensland

A Heads of Agreement has been executed between Auzex Resources Ltd ("Auzex") and Hillgrove Resources Ltd ("Hillgrove") to enable Hillgrove to explore Auzex' Khartoum EPM 14797 tenement in north Queensland for copper, lead, zinc, nickel and gold mineralisation. Auzex has established the presence of a potential world-class tin project within this tenement, which remains unaffected by the terms of this Agreement.

The principle terms of the Agreement are as follows:

- At the date of execution of a Joint Venture Agreement, Hillgrove to pay \$50,000 in cash, and issue to Auzex ordinary shares in Hillgrove to the value of \$50,000 based on the share price immediately prior to signing of the Agreement.
- Hillgrove to spend a minimum \$500,000 within two years to earn 80% of all copper, lead, zinc, nickel deposits discovered, and 50% of gold-silver deposits discovered within EPM 14797.
- Hillgrove may withdraw at any time prior to meeting minimum expenditure requirement with no retained equity.
- Auzex may retain 20% of any copper, lead, zinc and nickel discovery subject to pro rata exploration expenditure contributions once Hillgrove equity is earned, as well as receiving a 2% net smelter return royalty from any future mine production associated with the Hillgrove interest.

The potentially world-class Khartoum tin project is unaffected by this transaction and remains wholly owned by Auzex.

For further information please check our website (www.auzex.com) or contact Eugene Iliescu (Managing Director) or John Lawton (Executive Chairman) on +617 3303 0393 or +617 3303 0198 respectively.

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